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World Production and Trade

United States
Department of
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Foreign
Agricultural
Service

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Weekly
Roundup

WR 15-86

April 16, 1986

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

GRAIN AND FEED

Record Australian Wheat Exports Likely. The Australian Wheat Board (AWB) announced that it has firm commitments for the purchase of over 14 million metric tons of wheat, giving Australia an excellent chance of achieving the AWB's wheat export target of a record 16 million tons. Strong export sales and record monthly shipments have pushed exports to 8.5 million tons at the halfway point in Australia's 1985/86 (October-September) marketing year, well above the 7.6-million-ton pace for the corresponding period last year. Even if the export pace were to drop to last year's level for the remainder of the year, 1985/86 exports would still surpass the 14.7-million-ton record set in 1984/85. The USSR, China, Egypt, Iran, Iraq and Japan are major Australian wheat buyers.

Canada Announces Wheat and Barley Initial Payments. The Canadian Wheat Board (CWB) has lowered its 1986/87 initial payments for wheat and barley in anticipation of increased competition from lower U.S. new crop prices and European Community (EC) export subsidies. The initial payment for No. 1 Canadian Western Red Spring wheat was lowered Can\$30 per ton to Can\$130 per ton (about US\$93) and the payment for No. 1 feed barley was reduced from Can\$110 per ton to Can\$80 per ton (about US\$57). The initial payment is the minimum price producers receive for their grain from the CWB, and, as such, serves as a floor price. The CWB then markets the grain, pools the proceeds, deducts operating costs and distributes any surplus funds to producers as final payments. In recognition of the difficult financial situation facing domestic producers, the CWB did not increase charges for grain handling and storage.

OILSEEDS AND PRODUCTS

Denmark May Ban Cottonseed Meal Imports. The Danish Government is investigating the banning of cottonseed meal use in compound feeds. Reportedly, unsatisfactory levels of aflatoxin have been found in milk and milk products. The U.S. agricultural counselor in Copenhagen reports that cottonseed meal could be replaced by soybean meal. Imports of cottonseed meal in 1985/86 are currently estimated at 350,000 tons, with negligible amounts from the United States. USDA estimates 1985/86 soybean and soybean meal imports at 140,000 and 1.2 million tons, respectively. The majority of the soybeans and a small percentage of the soybean meal is expected to come from the United States.

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Costa Rica May Import Soybeans. A Costa Rican group has almost completed the installation of a solvent extraction oilseed processing plant in the free zone of Puntarenas, with an estimated capacity of 150 tons per day. The plan is to import soybeans for processing, thereby avoiding the duty on imported vegetable oil. This action will also provide a ready supply of soybean meal for poultry and swine producers. Production may begin as soon as May 1986.

DAIRY, LIVESTOCK AND POULTRY

Japan Reduces Livestock Support Levels. Japan has reduced support prices for much of the livestock industry, according to the U.S. agricultural counselor in Tokyo. Except for pork, these reductions are the first in the history of the price support program. They were made to help curtail Japan's budget deficit. Under the new schedule starting April 1, the support price for milk is down 2.8 percent. Support prices for dairy beef were reduced 2.5 percent while those for Wagyu beef were unchanged. For pork, the floor price (the point at which pork is removed from the market) was reduced by 10 percent while the standard import price (used to calculate the levy on imports) was reduced 5.8 percent. These changes are not expected to have a major impact on livestock production during 1986.

Guatemala Bans Exports of Beef and Live Cattle. Guatemala has suspended exports of beef and live cattle for the month of April as a result of shortages in the local market. The export ban may continue until the beef supply improves. The shortage might have been caused by large exports of live cattle from Guatemala to Mexico.

India Buys U.S. Rambouillet Sheep. The United States exported 1,277 head of U.S. Rambouillet breeding sheep to India in March. This is only the third major shipment of U.S. sheep to India; other shipments were in 1983 (1,541 head) and 1985 (1,020 head). India has indicated interest in purchasing another 1,000 head in the near future.

U.S. Cattle Hide Exports to China Increasing. After a 650-percent jump in 1984, the value of U.S. exports of cattle hides to China in 1985 rose another 36 percent to \$30 million. Prospects remain good for U.S. exports because of the poor quality and short supplies of Chinese hides.

Higher Chinese incomes have encouraged demand for higher quality leather, but Chinese production of quality cattle hides and pigskins is hampered by unsophisticated technology. This may change in the future as the government develops its livestock industries.

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In the March 19 issue (WR 11-86) of the Weekly Roundup of World Production and Trade, the effective dates for the EC Hormone ban should have been Jan. 1, 1988, for all member states except the United Kingdom, which has until Jan. 1, 1989, to implement the directive.

WOOD AND WOOD PRODUCTS

February U.S. Wood Product Exports Increased. U.S. exports of wood products during February--at \$235 million--showed strong increases across most major product categories. Cumulative 1986 exports were \$452 million, up 11 percent over the same period last year. U.S. exports to China in February were \$23 million, nearly double the level in February 1985. Despite increased domestic demand for lumber and plywood, export demand is likely to remain strong as a more competitive dollar makes imports of U.S. products increasingly attractive.

U.S. imports of wood products during February were \$384 million. February softwood lumber imports from Canada totaled 1,096 million board feet, valued at \$209 million. U.S. imports from Canada are likely to continue at the record levels set in 1985.

U.S. wood exports during February 1986 were as follows in millions of dollars (f.a.s. value basis):

	Japan	Canada	China	Other	Total
Softwood logs	60.3	3.2	22.7	5.4	91.6
Softwood lumber	17.3	6.8	0.7	24.0	48.8
Softwood plywood	0.2	1.0	0.0	10.3	11.5
Hardwood logs	1.9	0.7	0.0	7.9	10.5
Hardwood lumber	2.8	5.3	0.0	15.9	23.9
Hardwood plywood	0.0	0.1	0.0	1.6	1.8
Other products	13.4	7.4	0.0	25.9	46.7
Total	95.8	24.6	23.4	91.0	234.8

EXPORT ENHANCEMENT PROGRAM

The status of USDA's Export Enhancement Program as of April 15, 1986, was as follows in metric tons:

Announced Initiatives	Quantity	Results/Status
1. Algerian Wheat	June 4, 1985 1,000,000 April 10, 1986 1,000,000	Sold 1,000,000 Complete
2. Egyptian Wheat Flour	July 2, 1985 600,000	Sold 175,000
3. Egyptian Wheat	July 26, 1985 500,000 October 30, 1985 500,000	Sold 500,000 Complete
	-more-	

4. Yemen Wheat Flour	August 20, 1985 50,000	Sold 31,500
	April 14, 1986 100,000	
5. Yemen Wheat	September 6, 1985 100,000	
6. Morocco Wheat	September 30, 1985 1,500,000	Sold 760,000
7. Turkey Wheat	October 16, 1985 500,000	Sold 506,600 Complete
8. Jordan Rice	November 8, 1985 40,000	
9. Philippine Wheat Flour	November 15, 1985 100,000	Sold 50,000
10. Zaire Wheat Flour	November 18, 1985 64,000	Sold 30,000
11. Egypt Poultry	November 26, 1985 8,000 March 21, 1986 15,000	Sold 8,000 Complete
12. Iraq Wheat Flour	December 9, 1985 150,000	Sold 37,500
13. Nigeria Barley Malt	December 10, 1985 100,000	
14. Zaire Wheat	December 27, 1985 40,000	Sold 20,000
15. Philippine Wheat	January 7, 1986 150,000	Sold 152,400 Complete
16. Algerian Semolina	February 11, 1986 250,000	
17. Algeria Wheat Flour	February 25, 1986 100,000	
18. Tunisia Wheat	March 18, 1986 300,000	Sold 50,000
19. Jordan Wheat	March 19, 1986 75,000	
20. Iraq Dairy Cattle	April 4, 1986 6,500 head	
21. Algeria Table Eggs	April 4, 1986 500,000,000	
22. Benin Wheat	April 7, 1986 45,000	
23. Syria Wheat	April 8, 1986 700,000	
24. Indonesia Dairy Cattle	April 9, 1986 7,500 head	
25. Yugoslavia Wheat	April 10, 1985 200,000	
26. Yemen Poultry Feed	April 14, 1985 150,000	

Announced to date	8,375,000 (grain equivalent)
	500 million table eggs
	23,000 tons frozen poultry
	14,000 head of dairy cattle
Sold to Date	3,433,800 (grain equivalent)
Bonus	982,100 (\$144.1 million at book value)

Selected International Prices

Item	:	April 15, 1986	:	Change from	:	A year
	:		:	a week ago	:	ago
ROTTERDAM PRICES 1/		\$ per MT	\$ per bu.	\$ per MT		\$ per MT
Wheat:						
Canadian No. 1 CWRS-13.5%.	N.Q.	--	--	--		187.00
U.S. No. 2 DNS/NS: 14%....	170.00	4.63	-2.00			171.25
U.S. No. 2 S.R.W.	123.00	3.35	+8.00			168.50
U.S. No. 3 H.A.D.....	163.50	4.45	-3.50			181.00
Canadian No. 1 A: Durum...	N.Q.	--	--			189.75
Feed grains:						
U.S. No. 3 Yellow Corn....	N.Q.	N.Q.	N.Q.			136.00
Soybeans and meal:						
U.S. No. 2 Yellow.....	212.00	5.77	-1.40			241.75
Brazil 47/48% SoyaPellets	192.00	--	+6.00			153.00
U.S. 44% Soybean Meal....	188.00	--	+3.00			154.00
U.S. FARM PRICES 3/						
Wheat.....	N.Q.	N.Q.	N.Q.			124.55
Barley.....	N.Q.	N.Q.	N.Q.			85.89
Corn.....	N.Q.	N.Q.	N.Q.			105.12
Sorghum.....	N.Q.	N.Q. 2/	N.Q.			97.22
Broilers.....	1120.16	--	+68.56			1106.93
EC IMPORT LEVIES						
Wheat 5/.....	157.55	4.29	+12.60			65.20
Barley.....	146.35	3.19	+.95			62.60
Corn.....	141.45	3.59	+13.45			57.30
Sorghum.....	141.45	3.59	+14.90			70.20
Broilers 4/ 6/ 8/.....	307.00	--	+6.00			163.00
EC INTERVENTION PRICES 7/ 9/						
Common wheat(feed quality)	188.40	5.12	+3.20			152.40
Bread wheat (min. quality)	200.40	5.45	+3.70			162.00
Barley and all						
other feed grains.....	188.40	--	+3.20			152.40
Broilers 4/ 6/.....	1343.00	--	+32.00			980.00
EC EXPORT RESTITUTIONS (subsidies)						
Wheat	N.A.	--	--			25.95
Barley.....	N.A.	N.A.	--			39.65
Broilers 4/ 6/ 8/.....	224.00	--	+4.00			96.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ Changes may be due partly to exchange rate fluctuations and/or ECU payments. 10/ July shipment. N.A.=None authorized. N.Q.=Not quoted. Note: Basis May delivery.

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